

2001 DRAFTING REQUEST**Senate Amendment (SA-SB55)**

Received: 06/01/2001

Received By: kahlepj

Wanted: Soon

Identical to LRB:

For: Legislative Fiscal Bureau 6-3847

By/Representing: Larson

This file may be shown to any legislator: NO

Drafter: kahlepj

May Contact:

Addl. Drafters:

Subject: Dom. Rel. - child support

Extra Copies:

Submit via email: NO

Requester's email:

Pre Topic:

LFB:.....Larson -

Topic:

Federal tax intercept of delinquent support

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	kahlepj 06/01/2001	wjackson 06/03/2001					
/1			jfrantze 06/03/2001		lrb_docadmin 06/03/2001		

FE Sent For:

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1?	kahlepj	1 W/L 6/3	cmk 6/3 h	cmk — jk			

FE Sent For:

<END>



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

Date: 5/31/2001

DELIVER TO:

Pam Kahler

Addressee Fax #:

4-6948

Addressee Phone #:

of Pages, Including Cover:

(6)

Sender's Initials:

From:

DREW B. LARSON

Message:

TO be drafted:

- * ① Off of Issue Paper #1060, Att. 6 - Three pages related to federal tax intercept. [Att. 2 & 6 passed on a 16-0 vote.]
- ② Off of Issue Paper #1061 - Motion #1275 (refer especially to the one sentence under "Note") [Passed on a 16-0 vote.]
- Call if you have questions (6-3847). Thanks!

DBL

Larson, Drew

From: Mansfield, Mark
Sent: Monday, May 07, 2001 1:50 PM
To: Larson, Drew
Cc: Smith, Thomas K - DWD BUDGET; Markham, Kimberly, Noyes, Jennifer; Blaine, Robert; Kraus, Jennifer; Chesnik, Constance
Subject: FW: Federal tax intercept

Drew, I understand that you spoke with Robert Blaine last week about a clarification of the administration's intent on language relating to federal tax intercepts for child support. The attachment is intended to suggest how the bill might be amended to accomplish this. Thanks for your assistance.



unclaimedfunds11.doc

~~⇒ Subheading:~~~~Federal Tax Intercept~~~~Under Current law and under The bill~~~~Act Modify Statutory provisions~~

UNCLAIMED CHILD SUPPORT FUNDS

STATEMENT OF THE FACTS: Federal policy requires states to claim income from stale-dated support checks and undistributed child support collections (invalid addresses and unknown payees) as revenue to the child support program, to be offset against expenditures. This policy also applies to unclaimed state and federal tax intercept collections. Current Wisconsin law requires that unclaimed child support funds be remitted to the Office of the State Treasurer for deposit in the School Fund. Over \$800,000 in federal funding is at risk for FY 02.

The biennial budget contains provisions that would allow the State to retain any funds processed through the Wisconsin Support Collections Trust Fund. The proposed budget also amends s.49.855(4) to provide that both state and federal tax intercept collections be sent by the Department of Revenue to DWD to be deposited in the WSCTF. However, there is a defect in current law, as the Department of Revenue does not handle federal tax intercept collections. They are currently transmitted directly to DOA by the IRS for deposit in the general fund. The proposed budget amendment, therefore, will not accomplish the goal of processing federal tax intercept collections through the WSCTF so that unclaimed monies can be retained by DWD.

RECOMMENDATION: The Department is recommending a statutory change to ensure that federal tax intercept collections are deposited in the Wisconsin Support Collections Trust Fund. S.49.855 should be amended to correct all references to DOR processing federal tax intercept collections. S.49.855 should also be amended to direct the Department of Administration to send federal tax intercept collections received for delinquent support to DWD for deposit in the WSCTF. S.25.68 should be amended to include federal tax intercept collections received from DOA in the list of moneys included in the Wisconsin Support Collections Trust Fund.

Suggested amendments to SB 55:

At Page 647, Line 17, insert "25.68(5) is created to read:

"25.68(5) All moneys received from the department of administration under s. 49.855 that were withheld for delinquent child support, family support, or maintenance or outstanding court-ordered amounts for pat support, medical expenses, or birth expenses."

At Page 844, Lines 23-25, delete "An obligor may, within 20 days of receiving notice that the amount certified shall be withheld from his or her federal tax refund or credit, request a hearing under this subsection."

At Page 845, Line 1, insert after "49.855(4) of the statutes is" "renumbered 49.855(4)(a) and"

At Page 845, Line 2, insert after 49.855 (4) "(a)"

At Page 845, Line 3, delete "or federal"

At Page 845, Line 7, delete "or federal"

At Page 845. Line 14, insert "49.855(4)(a) of the statutes is created to read:

49.855(4)(a) The department of administration shall send the portion of any federal tax refunds or credits withheld for delinquent child support or maintenance or past support, medical expenses, or birth expenses to the department of workforce development or its designee for deposit in the support collections trust fund under s.25.68 and shall send the portion of any federal tax refunds or credits withheld for delinquent receiving and disbursing fees to the department of workforce development or its designee for deposit in the appropriation account under s.20.445(3)(ja).



State of Wisconsin
2001 - 2002 LEGISLATURE

LRBb0550/

PJK.../.....

WJ

LFB:.....Larson – Federal tax intercept of delinquent support

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

LFB AMENDMENT

TO 2001 SENATE BILL 55 AND 2001 ASSEMBLY BILL 144

SOON
(6-1)
D-voice

1 At the locations indicated, amend the bill as follows:

2 1. Page 546, line 14: delete the material beginning with “from” and ending
3 with “withheld” on page 546, line 14, and substitute: “under s. 49.855 (4) from the
4 department of revenue or the department of administration that were withheld by
5 the department of revenue or the internal revenue service”.

6 2. Page 546, line 22: delete “that” and substitute “(4m) that”.

7 3. Page 549, line 2: delete the material beginning with “from” and ending with
8 “withheld” on page 549, line 3, and substitute: “under s. 49.855 (4) from the
9 department of revenue or the department of administration that were withheld by
10 the department of revenue or the internal revenue service”.

11 4. Page 647, line 13: delete lines 13 to 16 and substitute:

1 “25.68 (4) All moneys received under s. 49.855 (4) from the department of
2 revenue or the department of administration that were withheld by the department
3 of revenue or the internal revenue service for delinquent child support, family
4 support, or maintenance or outstanding court-ordered amounts for past support,
5 medical expenses, or birth expenses.”.

6 ✓ 5. Page 844, line 23: delete lines 23 to 25 and substitute: ^g“future support or
7 maintenance. ~~An obligor may, within 20 days of receiving notice that the amount~~
8 ~~certified shall be withheld from his or her federal tax refund or credit, request a~~
9 ~~hearing under this subsection.”.~~

10 ✓ 6. Page 845, line 1: delete that line and substitute:

11 “SECTION 1844b. 49.855 (4) of the statutes is renumbered 49.855 (4) (a) and
12 amended to read:”.

13 ✓ 7. Page 845, line 2: after “(4)” insert “(a)”.

14 ✓ 8. Page 845, line 3: delete “or federal” and substitute “~~or federal~~”.

15 ✓ 9. Page 845, line 7: delete “or federal”.

16 ✓ 10. Page 845, line 13: after that line insert:

17 “SECTION 1844c. 49.855 (4) (b) [✓]of the statutes is created to read:

18 49.855 (4) (b) The department of administration shall send the portion of any
19 federal tax refunds or credits received from the internal revenue service that was
20 withheld for delinquent child or family support or maintenance or past support,
21 medical expenses, or birth expenses to the department of workforce development or
22 its designee for deposit in the support collections trust fund under s. 25.68 and shall
23 send the portion of any federal tax refunds or credits received from the internal
24 revenue service that was withheld for delinquent receiving and disbursing fees to the

1 department of workforce development or its designee for deposit in the appropriation
2 account under s. 20.445 (3) (ja)[✓].”.

3 (END)

D-rose

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRBb0550/1dn

PJK.....

WJ

Drew:

This amendment removes responsibility from the department of revenue for sending federal tax refund amounts withheld for delinquent support, etc., to the department of workforce development. The department of administration is required to send any federal tax refund amounts it receives from the internal revenue service that were withheld for delinquent support, etc., to the department of workforce development.

What the amendment does not address is how the internal revenue service gets notice of the delinquent support amounts in the first place. Does DWD notify the IRS as well as DOR? Does DOR notify the IRS after it receives a certification from DWD? This issue is not addressed in current law, which only requires DWD to certify a delinquency to DOR. Apparently the IRS is notified in some way, however, since DOA is receiving refunds withheld for delinquent support from the IRS. I assume the process will continue in the same manner without specifically addressing it in the statutes. It might be a good idea at some point to provide a statutory directive related to the IRS. I don't think we need to do so in this amendment, however.

Pamela J. Kahler
Senior Legislative Attorney
Phone: (608) 266-2682
E-mail: pam.kahler@legis.state.wi.us

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRBb0550/1dn
PJK:wlj:cmh

June 3, 2001

Drew:

This amendment removes responsibility from DOR for sending federal tax refund amounts withheld for delinquent support, etc., to DWD. DOA is required to send any federal tax refund amounts it receives from the IRS that were withheld for delinquent support, etc., to DWD.

What the amendment does not address is how the IRS gets notice of the delinquent support amounts in the first place. Does DWD notify the IRS as well as DOR? Does DOR notify the IRS after it receives a certification from DWD? This issue is not addressed in current law, which only requires DWD to certify a delinquency to DOR. Apparently the IRS is notified in some way, however, since DOA is receiving refunds withheld for delinquent support from the IRS. I assume the process will continue in the same manner without specifically addressing it in the statutes. It might be a good idea at some point to provide a statutory directive related to the IRS. I don't think we need to do so in this amendment, however.

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1 At the locations indicated, amend the bill as follows:

2 **1.** Page 546, line 13: delete the material beginning with “from” and ending
3 with “withheld” on line 14 and substitute “under s. 49.855 (4) from the department
4 of revenue or the department of administration that were withheld by the
5 department of revenue or the internal revenue service”.

6 **2.** Page 546, line 22: delete “that” and substitute “(4m) that”.

7 **3.** Page 549, line 2: delete the material beginning with “from” and ending with
8 “withheld” on line 3 and substitute “under s. 49.855 (4) from the department of
9 revenue or the department of administration that were withheld by the department
10 of revenue or the internal revenue service”.

11 **4.** Page 647, line 13: delete lines 13 to 16 and substitute:

1 “25.68 (4) All moneys received under s. 49.855 (4) from the department of
2 revenue or the department of administration that were withheld by the department
3 of revenue or the internal revenue service for delinquent child support, family
4 support, or maintenance or outstanding court-ordered amounts for past support,
5 medical expenses, or birth expenses.”.

6 **5.** Page 844, line 23: delete lines 23 to 25 and substitute “future support or
7 maintenance. ~~An obligor may, within 20 days of receiving notice that the amount~~
8 ~~certified shall be withheld from his or her federal tax refund or credit, request a~~
9 ~~hearing under this subsection.”.~~

10 **6.** Page 845, line 1: delete that line and substitute:

11 “**SECTION 1844b.** 49.855 (4) of the statutes is renumbered 49.855 (4) (a) and
12 amended to read:”.

13 **7.** Page 845, line 2: after “(4)” insert “(a)”.

14 **8.** Page 845, line 3: delete “or federal” and substitute “~~or federal~~”.

15 **9.** Page 845, line 7: delete “or federal”.

16 **10.** Page 845, line 13: after that line insert:

17 “**SECTION 1844c.** 49.855 (4) (b) of the statutes is created to read:

18 49.855 (4) (b) The department of administration shall send the portion of any
19 federal tax refunds or credits received from the internal revenue service that was
20 withheld for delinquent child or family support or maintenance or past support,
21 medical expenses, or birth expenses to the department of workforce development or
22 its designee for deposit in the support collections trust fund under s. 25.68 and shall
23 send the portion of any federal tax refunds or credits received from the internal
24 revenue service that was withheld for delinquent receiving and disbursing fees to the

1 department of workforce development or its designee for deposit in the appropriation
2 account under s. 20.445 (3) (ja).”.

3 (END)